

House Study Bill 97 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON GRASSLEY)

A BILL FOR

1 An Act providing for the leasing of agricultural land by the
2 department of natural resources to beginning farmers.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. **456A.38 Lease to qualified**
2 **beginning farmers program.**

3 1. As used in this section, unless the context otherwise
4 requires:

5 *a. "Agricultural land", "authority", "beginning farmer", and*
6 *"farming"* mean the same as defined in section 175.2.

7 *b. "Corn suitability rating"* means the most recent soil
8 index published by Iowa state university which calculates soil
9 types based on their productivity for row crop production.

10 *c. "Program"* means the lease to qualified beginning farmers
11 program as provided in this section.

12 2. The department shall establish and administer a lease
13 to qualified beginning farmers program. The department shall
14 annually lease agricultural land that it holds or manages in
15 each county to qualified beginning farmers. The department
16 shall advertise the program in a manner that encourages wide
17 participation by qualified beginning farmers in each county
18 where such agricultural land for use in farming is available.

19 3. In order to execute a lease with the department, the
20 agricultural development authority must certify that the person
21 selected qualifies for the beginning farmer loan program
22 pursuant to section 175.12. The department shall select each
23 participating qualified beginning farmer by lot.

24 4. A qualified beginning farmer who executes a lease with
25 the department is not eligible to lease more than two hundred
26 forty acres of agricultural land from the department under this
27 section. The term of the lease shall not be for more than three
28 years. The department shall provide for terms, restrictions,
29 and conditions of the agricultural land's use, including but
30 not limited to adopting generally accepted farming practices
31 and soil conservation practices, so long as such practices are
32 compatible with the department's policies related to resource
33 management and outdoor recreation. The qualified beginning
34 farmer shall not sublease the agricultural land. The qualified
35 beginning farmer is not eligible to be selected twice by the

1 department to participate in the program.

2 5. The department shall establish the lease amount based on
3 a commonly accepted method used by real estate appraisers to
4 calculate per acre land values, including by using the county's
5 average corn suitability rating for agricultural land in the
6 county. The lease amount shall not increase for the term of
7 the lease.

8 6. The department is not required to lease agricultural
9 land under this program that it would not otherwise lease
10 for farming. The department may lease agricultural land
11 for farming under another program only after it has leased
12 agricultural land to all qualified beginning farmers
13 participating under this program.

14 EXPLANATION

15 The department of natural resources (DNR) currently
16 administers an agricultural lease program which allows persons
17 to farm such land under a three-year lease term (571 I.A.C.
18 21). This bill requires DNR to lease agricultural land that it
19 holds or manages in each county to qualified beginning farmers.

20 Generally, a beginning farmer is an individual, partnership,
21 family farm corporation, or family farm limited liability
22 company (Code chapter 9H) with a low or moderate net worth that
23 is engaged in farming (Code section 175.2). The agricultural
24 development authority establishes net worth requirements for
25 beginning farmers each year (Code section 175.2). In 2013, the
26 authority established the maximum net worth of \$691,172 for
27 individuals participating in the beginning farmer loan program
28 (Code section 175.12).

29 In order to execute a lease, DNR would draw by lot the
30 names of qualified beginning farmers. A beginning farmer
31 selected by the department would have to be certified by the
32 agricultural development authority as qualified to participate
33 in its beginning farmer loan program. The beginning farmer
34 cannot lease more than 240 acres of agricultural land from
35 the department, cannot sublease the agricultural land, and

H.F. _____

1 cannot be selected again to participate in the program. The
2 term of the lease is for not more than three years. DNR is
3 required to establish the lease amount based on a commonly
4 accepted method used by real estate appraisers to calculate per
5 acre land values using the county's corn suitability rating.
6 The department is not required to lease land that it would
7 not otherwise lease for farming. Any remaining land could be
8 leased under DNR's agricultural lease program.